



Peter Franchot
Comptroller

TESTIMONY OF COMPTROLLER PETER FRANCHOT

Support - Senate Bill 553 - State Finance and Procurement - Retention Proceeds
Budget and Taxation Committee
February 16, 2022

Chair Guzzone, Vice Chair Rosapepe, and members of the Committee, it is my pleasure to provide testimony in **support** of **Senate Bill 553 - State Finance and Procurement - Retention Proceeds**. I would like to thank Senator Patterson for sponsoring this important legislation, and the Committee for providing the opportunity for my testimony to be heard.

Small businesses often operate on small margins, making consistent cash flow critical to their success. Timely payment to small businesses is another crucial aspect of ensuring they can continue to operate effectively. Senate Bill 553 aids in that regard by requiring payment of undisputed retainage upon substantial completion of a project. Undisputed retainage terms can be negotiated under initial contracts, protecting the State's interests. Our small businesses in Maryland bring significant benefits to the state, and encouraging expedited payments by passing Senate Bill 553 will help them thrive.

For the reasons stated above, I respectfully request a favorable report for Senate Bill 553. Thank you for your time and consideration.

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